

Message Text

CONFIDENTIAL

PAGE 01 MANAGU 03795 170536Z

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 121430Z AUG 76
FM AMEMBASSY MANAGUA
TO SECSTATE WASHDC 836

C O N F I D E N T I A L MANAGUA 3795

EXDIS

EYES ONLY FOR J. GRUNWALD ARA/LA FROM AMB. THEBERGE

E.O. 11652: GDS

TAGS: EFIN, NU

SUBJECT: US POSITION ON IDB LOAN TO FED

1. OVER LUNCH ON AUGUST 10, PRESIDENT SOMOZA TOLD ME THAT HE HAD BEEN INFORMED BY AMBASSADOR GUILLERMO SEVILLA SACASA THAT THE USG INTENDED TO VETO A \$15 MILLION IDB (FSO) LOAN TO THE CENTRAL BANK'S FED FOR RURAL INDUSTRY. ACCORDING TO SOMOZA, AMBASSADOR SEVILLA-SACASSA HAD SPOKEN TO THE U.S. EXECUTIVE DIRECTOR OF THE IDB ABOUT THE LOAN, AND DR. MARIO ALONSO, DIRECTOR OF THE FED, HAD MET WITH A MR. IAN ROSS. EITHER SEVILLA-SACASA OR ALONZO, IT WAS NOT CLEAR WHICH ONE, HAD INFORMED SOMOZA THAT THE ALLEGED U.S. VETO THREAT WAS DUE TO "POLITICAL REASONS" CONNECTED WITH THE HARKIN AMENDMENT.

2. IN REPLY, I TOLD SOMOZA OHAT I HAD HEARD NOTHING ABOUT ANY "THREATENED" U.S. VETO OF THE LOAN, AND THAT I WAS NOT AWARE THAT IT FACED ANY SPECIAL PROBLEM, ASIDE FROM THE USUAL TECHNICAL ONES OF MEETING BANK FSO LENDING CRITERIA. I ADDED THAT PRIMA FACIE IT WAS DOUBTFUL THAT THE U.S. GOVERNMENT HAD TAKEN A POSITION ON THE LOAN BASED ON THE HARKIN AMENDMENT, SINCE NICARAGUA HAD NOT BEEN PLACED IN THE HUMAN RIGHTS CATEGORY WHICH WOULD INVOKE THE AMENDMENT. IN ANY EVENT, I PROMISED THAT I WOULD MAKE INQUIRIES AND FULLY INFORM HIM OF OUR POSITION, WHICH I DID NOT THINK WAS ACCURATELY DESCRIBED BY HIS AGENTS IN WASHINGTON.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANAGU 03795 170536Z

3. THE PRESIDENT SAID THAT HE WOULD APPRECIATE KNOWING WHAT PROBLEM, IF ANY, THE U.S. GOVERNMENT HAD WITH NICARAGUA'S LOAN PROJECT. HE EXPRESSED CONSIDERABLE CONCERN ABOUT NICARAGUA BEING DENIED SOFT LOANS FROM THE IDB'S FSO, WHICH WOULD SIGNIFY A SHARP TURN IN U.S. POLICY AGAINST A FRIENDLY COUNTRY, WITHOUT WARNING OR REASON.

4. IN VIEW OF THE SENSITIVE AND DELICATE NATURE OF THIS ISSUE, I SUGGEST THAT YOU TAKE IT UP PERSONALLY WITH THE TREASURY AND THE U.S. EXECUTIVE DIRECTOR. IT WOULD BE HELPFUL IF YOU COULD ASCERTAIN WHETHER THERE IS A PROBLEM WITH THE FED LOAN, OUR VIEWS OF THE PROJECT, AND OUR GENERAL POLICY TOWARDS NICARAGUA'S ACCESS TO FSO FUNDS. HAS THE HARKIN AMENDMENT BEEN RAISED IN CONNECTION WITH THIS LOAN PROJECT? IF SO, IN WHAT WAY?

5. PLEASE ADVISE ASAP.

THEBERGE

NOTE: TEL RECATEGORIZED PER DMACK S/S-O 8/16/76.

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOANS, FOREIGN POLICY POSITION, PROGRAMS (PROJECTS), MEETING REPORTS, HARKIN AMENDMENT, THREATS, RURAL AREAS, DEVELOPMENT LOANS, CAT-C
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cahillha
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANAGU03795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: FOR GRUMWALD ONLY -
Executive Order: GS
Errors: n/a
Film Number: P850023-1972, D760370-0485, N760006-0289
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760861/aaaacave.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: ONLY
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY; n/a <MCM 20040602 CORRECTION>; EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cahillha
Review Comment: n/a
Review Content Flags:
Review Date: 21 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 JUL 2004 by izenbei0>; APPROVED <29 OCT 2004 by cahillha>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CHANGED> MCM 20040602
Subject: US POSITION ON IDB LOAN TO FED
TAGS: EFIN, SHUM, NU, US, IS, IDB, (SOMOZA DEBAYLE, ANASTASIO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006